

Senate File 422

S-3043

1 Amend Senate File 422 as follows:

2 1. Page 1, line 1, by striking <subsection 1,>

3 2. Page 1, by striking lines 3 through 8 and

4 inserting:

5 <Sec. \_\_\_\_\_. Section 422.12B, Code 2013, is amended  
6 to read as follows:

7 **422.12B Earned income tax credit.**

8 1. The taxes imposed under this division less the  
9 credits allowed under section 422.12 shall be reduced  
10 by an earned income credit equal to ~~seven~~ one of  
11 the following amounts chosen at the election of the  
12 taxpayer:

13 a. Ten percent of the federal earned income  
14 credit provided in section 32 of the Internal Revenue  
15 Code. Any credit in excess of the tax liability is  
16 refundable.

17 b. (1) The sum of the following amounts:

18 (a) One percent of the first forty thousand dollars  
19 of earned income of the individual.

20 (b) Two percent of the amount of earned income of  
21 the individual exceeding forty thousand dollars but not  
22 exceeding sixty thousand dollars.

23 (2) If the total earned income of the individual  
24 exceeds sixty thousand dollars the amount of the credit  
25 determined under subparagraph (1) shall be reduced,  
26 but not below zero, by the same proportion that the  
27 individual's total earned income in excess of sixty  
28 thousand dollars bears to twenty thousand dollars.

29 (3) Any credit in excess of the tax liability is  
30 not refundable.

31 (4) A credit shall not be allowed under this  
32 paragraph to an individual who is a dependent for  
33 whom a deduction is allowable under section 151 of  
34 the Internal Revenue Code to another taxpayer for the  
35 taxable year, or to an individual who has an amount of  
36 disqualified income in excess of three thousand two  
37 hundred dollars for the taxable year.

38 (5) For purposes of this paragraph, "earned income"  
39 and "disqualified income" mean the same as defined in  
40 section 32 of the Internal Revenue Code.

41 2. Married taxpayers electing to file separate  
42 returns or filing separately on a combined return  
43 may avail themselves of the earned income credit in  
44 subsection 1, paragraph "a", by allocating the earned  
45 income credit to each spouse in the proportion that  
46 each spouse's respective earned income bears to the  
47 total combined earned income.

48 3. Taxpayers affected by the allocation provisions  
49 of section 422.8 shall be permitted a deduction for  
50 the credit only in the amount fairly and equitably

1 allocable to Iowa under rules prescribed by the  
2 director.>  
3 3. By renumbering as necessary.

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